hoop
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Becoming a Homeowner

Is home ownership right for you?

The majority of Canadians own their homes, and the number keeps growing. But some people believe they could never own a home.

Could this be you?

Maybe you are not sure you know enough about the process of buying a home or you're intimidated by it. Or, you worry that you can't afford to buy a home because you haven't saved enough money. Remember that homes come in all shapes and sizes. Some kinds of housing will be more affordable than others.

Maybe your credit has blemishes. Or, you've never established a relationship with a bank or you have no credit at all.

Perhaps you are not a Canadian citizen or permanent resident and you don't plan to live in Canada very long. Or, you have difficulty speaking and understanding English and would be less intimidated if you could work with people who speak your native language.

Think again!

These concerns don't have to be obstacles to homeownership. With the right information, the dream of homeownership could be within your reach.

What is HOAP?

The Home Ownership Affordability Partnership (HOAP) is a unique solution to affordable housing in our community. It is a partnership between the REALTORS® Association of Hamilton-Burlington (RAHB), CityHousing Hamilton and Scotiabank. The program is designed to increase the opportunities for affordable homeownership within our community.

The idea is a simple one, a qualified interested family works with a REALTOR® to purchase a home that is in need of repair. The home is purchased at the current market value. Renovations are determined and carried out by qualified general contractors, plumbers and electricians. The renovation focus is on safety, cleanliness and building code.

The purpose of the partnership is to assist families achieve their dream of home ownership, revitalize existing housing stock, promote building and renovation skills for students and open social housing units for other families in need.

How Does the HOAP Program Work?

There are five (5) basic steps in the HOAP program for the families who are interested in owning a home.

1. Interested families must complete an initial HOAP application form. This will provide HOAP with information such as, which families are interested in owning a home, will the family income to support a mortgage, and contact information for each family.

2. If the family income is sufficient, the bank will call to set up an appointment to discuss your family's financial information in more detail. The bank will use this information to determine whether each family qualifies for a mortgage loan and if so, the maximum amount they can borrow. Please note: in order to proceed with the HOAP program, a family must qualify for a mortgage loan. If your family does not qualify for a mortgage loan at this time, you may reapply should there be a change in your financial status.

3. Qualified families will then be contacted by a REALTOR® to discuss what type of home they are looking to purchase. The REALTOR® will work with each family for a specified period of time to find a suitable home to purchase. Families in the HOAP program may expect to view homes in need of repair and mainly located in the lower area of the City of Hamilton. A HOAP representative will view the home to determine whether the required repairs fall into the pre-determined renovation budget. If HOAP agrees that the repairs are affordable and the family wishes to purchase the home, the sale will move ahead.

4. Renovation of the property will begin on the home shortly after the sale of the property has been finalized or closed. Renovations will take approximately six weeks to complete.

5. Upon completion of the renovation of the property, the new owners will move in to enjoy their home.

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Are you Ready to Buy a Home?

Use these questions to help you decide if you might be ready to buy a home.

	YES	**NO**
1. Do you have a continuous, reliable source of income?		
2. Have you been employed continuously for the last twelve months (1 year) even if it has not been the same job, and is it likely to continue?		
3. Do you have a chequing and/or savings account established with a bank, credit union or other financial institution? Or, if you don't do you keep accurate records of paying your bills regularly and on time?		
4. Do you pay all of your bills on time?		
5. Is your total monthly debt (all credit cards, loans, etc.) manageable? Can you afford those debts and a mortgage payment?		
6. Do you have some money saved for the down payment on the purchase of a home?		
7. Do you have some money saved for the costs to close the sale of a home?		
8. On a monthly basis, can you afford the mortgage payment as well as other expenses, including electricity, water, repair and maintenance costs and any financial obligations you may have towards family members, such as allowances for your children or money you regularly send to relatives in another country?		
9. If you have experienced financial difficulties in the past, can you prove that it was due to events beyond your control?		
10. Do you file an income tax return with Revenue Canada each year, even if you are not a Canadian citizen?		
11. Do you have time to take care of a house – including responsibilities like mowing the lawn, keeping the property clean and making repairs?		

If you answered **"NO"** to any of these questions, concentrate on strengthening those areas. If you answered **"YES"** to most of these questions, you are probably ready to think seriously about owning your own home.

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Why Own A Home?

You build equity

In the early years of most mortgages, the larger part of the monthly mortgage payments goes towards paying the interest on the mortgage. Over time, an increasing amount of the monthly payment goes towards reducing the mortgage "principal" balance. This is called the "amortization" or life of the mortgage.

As you make payments, you reduce the principal and increase your share or "equity" in your home's value. If your home increases in value through market value or "appreciation", your equity will grow even faster.

Equity in your home is important. For many people, it lets them plan for retirement, pay for college/university and attain other future goals.

You can rely on monthly principal and interest payment stability

If you select a "fixed-rate" mortgage, you will pay the same monthly principal and interest payments for the selected term of your mortgage. Monthly payments may increase slightly if property taxes and insurances costs go up during the term of your mortgage. (Mortgage terms vary between 6 months and 5 years normally.)

You can have a place for your family and relatives to live and gain a sense of community

When you own a home, you can be secure in knowing that your family will have a place to live. Your children will stay in the same school. Your family may feel a greater sense of belonging and part of the community by owning your own home.

Once a mortgage has been paid in full (the full amortization or life of the mortgage), the home is yours. Your home can be passed along to your children or other relatives a part of their inheritance.

Rent or Buy?

It is a personal decision. Please take some time and discuss what is best for you family.

RENTING	***BUYING***
• free of maintenance obligations • not committed to staying in a house or particular neighbourhood • can move quickly • free of insurance and property tax costs	• home ownership • build equity • stable monthly payments • stronger sense of community • place for family and relatives to live

Other Costs Associated with the Purchase of a Home

As you consider applying to participate in a HOAP project we would like to make you aware of some of the costs that you **may** encounter. These costs are related to the purchase of a home and not covered by the HOAP program.

1. HOME INSURANCE – When purchased, the home and mortgage will be in your name, you are therefore responsible to ensure home insurance is in place when the sale closes. Depending on your insurance company, a monthly payment plan may be available to you, but please be prepared to pay the cost of one year's insurance fees when the sale of your house closes. You may wish to contact your current insurance provider to ask what the costs of home insurance will be for a one year period.

2. UTILITY DEPOSIT FEES – Because the purchase of the home will be in your name, you will be responsible to set up the utility accounts in your name as well. HOAP does pay for the utilities while the home is under renovation, however, you should be aware that utility companies such as Union Gas and Horizon Utilities may request a deposit fee for homeowners who have never had an account in their name previously. The deposit fees are refundable after a one year period providing your payment history is in good standing. Please be aware that the deposit fees can range anywhere from $250.00 to $600.00. You may wish to contact these utility companies to find out if you will be responsible for payment of a deposit before proceeding with the HOAP program.

3. CABLE & TELEPHONE – You will also be responsible to have these providers transfer your account to your new home, please call ahead to find out if they will be charging you a "set up" or "hook up" fee. HOAP is not responsible for these types of fees.

4. MOVING COSTS – If you will be hiring a truck to move your belongings to your new home you will be responsible for the cost to rent the truck. You may wish to call truck rental firms to inquire about the cost to rent the vehicle you will need to move.

Not every family will encounter the all of the costs explained above; however every family will be responsible for home insurance, as it is required to release the funds to mortgage your home.

The following is a list of the costs that HOAP will pay in addition to the cost to renovate your new home:

1. Closing costs – these are the costs related to the closing of the sale of your home such as, any payment of property taxes owed to the seller of the home, adjustments for utility costs paid by the seller of the home and the solicitor's fees.

2. Mortgage payments during the renovation of the home.

3. Utility payments (heat, hydro and water) during the renovation of the home.